

MAJLIS PELANCARAN PELAN INDUK PERINDUSTRIAN KEDUA
DEWAN TUN ISMAIL, PWTC, KUALA LUMPUR, 28 NOVEMBER 1996

Terlebih dahulu saya ucapkan terima kasih kepada Kementerian Perdagangan Antarabangsa dan Industri kerana menjemput saya untuk merasmikan pelancaran Pelan Induk Perindustrian Kedua (PIP2) di sini hari ini.

2. Pelancaran Pelan Induk Perindustrian Kedua ini menandakan permulaan era baru perindustrian bagi Malaysia, iaitu satu dekad yang bersifat lebih global, yang wujud liberalisasi ekonomi yang lebih luas dan saingan yang lebih hebat. Ianya juga merupakan dekad yang penuh dengan cabaran-cabaran dan peluang-peluang baru bagi negara kita yang sedang menuju ke arah status negara maju dan perindustrian sepenuhnya menjelang tahun 2020. Oleh kerana perindustrian adalah penggerak utama kepada pembangunan ekonomi, adalah penting negara merangka arah dan tumpuan yang tepat bagi perkembangan perindustrian supaya Malaysia boleh membangunkan satu sektor perindustrian yang kompetitif, dinamis, kukuh dan mempunyai ketahanan menjelang tahun 2020. Dengan tumpuan utamanya menguasai seluruh rangkaian nilai sektor pembuatan, PIP2 melalui pengukuhan pertalian industri, peningkatan kegiatan nilai ditambah dan peningkatan produktiviti, akan mengubah struktur industri Malaysia kepada suatu yang berupaya menghadapi cabaran-cabaran dalam dekad akan datang.

3. Let us however recall the process of our industrial development so that we can learn a few lessons from the past and so be better able to chart our course for the future. We must not be tired of being reminded that we were once a relatively poor agricultural and mining country. Such was the importance of tin and rubber that the whole national budget was based on the projected prices of these two commodities.

4. But we learnt that we were at the mercy of markets outside our control, markets which functioned without any ethical code. Thus when foreign market players speculated in tin and found themselves unable to deliver, the Metal Exchange concerned simply decided that the contract should be ignored. And of course the terms of trade kept deteriorating. We had to sell more and more commodities in order to buy less and less of manufactured goods. All these were not doing our economy any good. Unemployment stayed at 7 percent or more.

5. We had to industrialise somehow. We had little knowledge or skill in manufacturing, owning and operating a few rice mills and rubber smoke-houses only. We had therefore to rely on direct foreign investments in manufacturing. Except for one or two Japanese manufacturers the rest were not keen to take us as partners. We had to allow for one hundred percent foreign ownership. We did not mind too much because our objective then was limited i.e. escape from being a commodities producer and to provide jobs for our people. The Government was prepared to forego revenues as long as our people could have jobs no matter how lowly paid. The tax holiday were for 10 years but even after that we in fact collected practically no taxes.

6. The strategy was very successful, so successful that today we are so short of workers that we have to rely on foreign workers. We should really have adjusted quickly, at the first signs. But we allowed ourselves to be influenced by the need of investors, who still want to operate labour intensive industries.

7. The problem has become very serious now. With over 1.7 million foreign workers, legal and illegal, most of them using facilities such as hospitals and schools meant for our people, not to mention crimes and communal tension, we just cannot pander to the wishes of labour dependent industrialists any more. We hope they understand.

8. And so we have to change our strategy, our industrial policy. Again we have to take care of the majority of our people, our workers. As long as there are foreign workers ready to work in low-paid jobs, our workers will not get better pay. We have therefore to switch to capital or technology- intensive industries which require fewer but more skillful workers. If we don't have them, we will have to train them. Fortunately our workers learn fast, if they are given the correct training.

9. Obviously with hitech products the value added per worker will be more. The industries will have to invest more in automation and robotics but the fewer workers that they employ should be paid more. And the need for foreign workers would be reduced. It is not that we don't care for them. Our industrialists have been urged to invest in countries where the foreign workers come from in order to create jobs at home for them. The benefits to them and their country would be much more if they work at home.

10. In the meanwhile we have devised a new industrial plan, the Second Industrial Master Plan. The thrust of this plan takes into consideration the need for continued economic growth, enhanced exports and increasing the value of the goods produced and exported.

11. To achieve all these, other than encouraging capital and technology-intensive industries, we have selected certain segments of industry which we think we can go into and which will give us access and benefits of the latest in modern technology. We have decided to go into engineering, in particular automotive engineering, into telecommunications and the IT industries. We will also focus on small and medium-scale industries intended not only to supply the need for components by the major industries but also to produce high quality components and even finished products for the export market.

12. A new large automotive city will be set up which will eventually have the capacity to produce a million cars. Included in the plan are clusters of supporting industries manufacturing components and parts which will supply the principal car manufacturer, other industries and exports. Motorcycles and commercial vehicles and engines of various types will also be manufactured, again with supporting SMI clustered around the principal manufacturers.

13. For the telecommunication industry the principal thrust will be in the

Multimedia Super Corridor, where IT industries will be centred and will operate from. Manufacturing of telecommunications equipment, electronics and Malaysian-branded household appliances will be given a strong push.

14. The government has agreed to offer special fiscal and non-fiscal incentives to promote the development of the latest information-based industries. A total of eight special areas have been identified, including telemedicine, smart schools, research and development clusters, application of multipurpose cards and electronic government. In addition, a sum of RM 721.4 million has been allocated for research programme under the recent 1997 budget. While this will serve as a catalyst for the development of IT-based industries, the industrial sector must make efforts to adopt information and knowledge-driven processes in manufacturing and other related activities, in particular the application of information technology for electronic commerce.

15. In supporting the development of Malaysia' s competitive cluster industries, as envisaged under the IMP2, the Government will continue to ensure adequate provision of quality infrastructure and other support facilities to facilitate their development. This will include human resource development, R&D, indigenous technology development, improvement of incentives and administrative delivery mechanism, as well as quality support services, such as ports, business services, transport and packaging.

16. The Malaysia Incorporated concept will continue to be emphasised as a major strategy for public- private sector cooperation in furthering the course of national development. Constant consultation and development of close rapport between the public- private sectors will continue to be a key factor in Malaysia' s economic progress. While the public sector will continue to undergo major structural and attitudinal changes to effectively assume its assigned role as pace setter and facilitator to the private sector, it is equally important that the private sector must be strong, robust, self-reliant, competent and above all, imbued with healthy business ethics to become good corporate citizens. They should not only be profit motivated but must demonstrate social responsibilities towards the nation and to their employees.

17. Efficiency is not only expected from the industrial sector but also from the services sector as this is crucial to the overall development of the economy. Services such as banking, insurance, engineering design, marketing, public-relation, advertising, inspection, transport and distribution, warehousing, communication and general consultancy must be equally competitive qualitatively and in terms of price.

18. We know the very strong competition for Direct Foreign Investments that is going on now, particularly in South East Asia. Malaysia must therefore rely more and more on investments generated domestically. Domestic capacity is growing both in terms of capital as well as know- how. But we will still need foreign investments, especially in the latest hitech sectors. We will continue to support FDI but we will also give local investors a helping hand.

19. There is, as you may have suspected, a political dimension to this Industrial Master Plan as there has always been with all Malaysian Plans. We are not industrialising because we want to change the landscape from rice-fields, rubber and palm oil estates to one that will mirror the developed industrial nation that we aspire to be.

20. We are industrialising because we believe that only through industrialisation can we ensure increasing wealth and sophistication for our people. We also believe that it will help reduce the economic imbalance between the various races who are citizens of this country. We note that since we have succeeded in doing this to a great extent our politics is stable. But we are also concerned that we do not have as large a Bumiputera middle class as to reflect the proportion of the population they constitute.

21. The Government will therefore want to see that the implementation of the Second Industrial Master Plan will turn out more Bumiputeras with middle incomes. I will not elaborate on how this can be done, but we know that this can be done. We crave your support and indulgence in this. It will be good for everyone and especially for the business community, for if you look around, you will appreciate the value of strong committed governments which do not spring surprises on you. Business needs time to mature and be profitable. You will not invest if you cannot know with some degree of certainty what the future will look like. Your appreciation of our political agenda will contribute towards stability which in turn will benefit you.

22. Tempoh 10 tahun yang akan datang adalah mencabar, di peringkat antarabangsa dan dalam negeri. Malaysia perlu dinamik, inovatif serta pragmatik, dan lebih penting sekali, sektor swasta perlu mengambil peranan utama dan proaktif dalam menentukan kejayaannya pelaksanaan program-program perindustrian negara. Dalam semangat Persyarikatan Malaysia, Kerajaan akan menentukan yang jenteranya di semua peringkat akan terus berjalan dengan efisien dan sektor swasta akan dibawa berunding. Insya-Allah, dengan kerjasama dan sokongan semua pihak Malaysia akan menjadi sebuah negara perindustrian sepenuhnya menjelang tahun 2020.

23. Dengan kata-kata ini, saya dengan sukacitanya melancarkan dengan rasminya Pelan Induk Perindustrian Malaysia yang Kedua.